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United Nations

United Nations Habitat and Human Settlements Foundation

Financial report and audited financial statements

for the biennium ended 31 December 1999 and

Report of the Board of Auditors

General Assembly
Official Records
Fifty-fifth session
Supplement No. 5 (A/55/5/Add.8)

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Letters of transmittal

31 March 2000

Sir,

Pursuant to regulation 11.4 of the Financial Regulations of the United Nations, as amended by the General Assembly in its resolution 3192 (XXVIII) of 18 December 1973, and rule 311.4 of the Financial Rules of the United Nations Habitat and Human Settlements Foundation, I have the honour to transmit the financial report and accounts of the Foundation, including associated trust funds and other related accounts, for the biennium ended 31 December 1999, which I hereby approve.

Copies of these financial statements are also being transmitted to the Advisory Committee on Administrative and Budgetary Questions.

Accept, Sir, the assurances of my highest consideration.

(*Signed*) Klaus **Töpfer**
Acting Executive Director
United Nations Centre for Human Settlements (Habitat)

The Chairman of the Board of Auditors
United Nations
New York

30 June 2000

Sir,

I have the honour to transmit to you the financial statements of the United Nations Habitat and Human Settlements Foundation, including associated trust funds and other related accounts, for the biennium 1998-1999 ended 31 December 1999, which were submitted by the Acting Executive Director. These statements have been examined and include the audit opinion of the Board of Auditors.

In addition, I have the honour to present the report of the Board of Auditors with respect to the above accounts.

Accept, Sir, the assurances of my highest consideration.

(*Signed*) Sir John **Bourn**
Comptroller and Auditor General of the United Kingdom
of Great Britain and Northern Ireland and Chairman
United Nations Board of Auditors

The President of the General Assembly of
the United Nations
New York

Chapter I

Financial report for the biennium ended 31 December 1999

Introduction

1. The Acting Executive Director has the honour to submit herewith the financial report, together with the financial statements of the United Nations Habitat and Human Settlements Foundation, including associated trust funds and other related accounts, for the biennium ended December 1999. The financial statements have been prepared in conformity with the United Nations System Accounting Standards. The accounts were submitted to the Board of Auditors in accordance with financial regulation 11.4 of the Financial Regulations of the United Nations.

2. As prescribed by regulation 2.1, the financial period of the organization comprises two consecutive calendar years, the first one of which shall be an even year. On the recommendation of the Board of Auditors and the Advisory Committee on Administrative and Budgetary Questions, the General Assembly at its twenty-ninth session decided that there was no need for the Board to submit a formal audit report to the Assembly to cover the first year of the biennium.

3. It was further agreed that, should the Board's work in auditing transactions that occurred in the accounts of the first year reveal situations that should be brought to the attention of Member States, the Board would report these to the Advisory Committee, which, if it thought necessary, would bring them to the attention of the General Assembly. The Board conducted an interim audit of these accounts and did not report to the Advisory Committee any situation that should be brought to the attention of Member States.

4. Comparative figures for the biennium 1996-1997, as appropriate, have been reflected in the financial statements. The present financial report has been kept to the minimum in accordance with United Nations guidelines.

5. The financial statements and the notes thereon are an integral part of the financial report.

Levels of appropriations, allocations, allotments, expenditures and commitments

6. The Commission on Human Settlements, in its decision 17/20 taken 14 May 1999, approved for the biennium 1998-1999 a level of expenditures for the Foundation project activities of $16,400,000 and an appropriation of $4,610,300 for the programme and programme support costs budget.

7. The total appropriations, allocations and expenditures in respect of project activities and programme support cost activities for the biennium 1998-1999 ended 31 December 1999 (in United States dollars) are:

Expenditure	*Appropriation*	*Allocation*	*Expenditure*	*Unexpended appropriation*	*Unexpended allocation*
Project activities	16 400 000	15 000 998	13 740 155	2 659 845	1 260 843
Programme and programme support cost activities	4 610 300	4 610 300	4 245 561	364 739	364 739
Total	**21 010 300**	**19 611 298**	**17 985 716**	**3 024 584**	**1 625 582**

Chapter II
Report of the Board of Auditors

Summary

The Board of Auditors has audited the United Nations Habitat and Human Settlements Foundation at its headquarters in Nairobi. The Board also validated the financial statements of the Foundation for the biennium ended 31 December 1999.

The Board's main findings are as follows:

(a) The Foundation did not fully comply with the United Nations System Accounting Standards insofar as it disclosed accounts receivable and accounts payable in net instead of gross terms. This led to an understatement of accounts receivable and accounts payable in the amount of $294,264 and $248,501, respectively;

(b) By May 2000, the Foundation had collected a high proportion of earmarked (99 per cent) and non-earmarked (95 per cent) pledges in respect of the biennium 1998-1999;

(c) Expenditures exceeded allotment limits by a total of $1.27 million in respect of 11 trust funds and by $0.41 million in respect of 3 earmarked projects, indicating weak budgetary control and expenditure monitoring;

(d) In 12 out of 28 cases, the Foundation did not select consultants on a competitive basis contrary to the requirement of the comprehensive guidelines for the use of consultants.

The Board made recommendations to improve compliance with the United Nations System Accounting Standards, to strengthen the monitoring of expenditure and to improve the process for selection of consultants.

A list of the Board's recommendations is included in paragraph 11 of the present report.

A. Introduction

1. The Board of Auditors has audited the financial statements of the United Nations Habitat and Human Settlements Foundation for the period from 1 January 1998 to 31 December 1999 in accordance with General Assembly resolution 74 (1) of 7 December 1946. The audit was conducted in conformity with article XII of the Financial Regulations of the United Nations and the annex thereto and the common auditing standards of the Panel of External Auditors of the United Nations, the specialized agencies and the International Atomic Energy Agency. These auditing standards require that the Board plan and perform the audit to obtain reasonable assurance as to whether the financial statements are free from material misstatement.

2. The audit was conducted primarily to enable the Board to form an opinion as to whether the expenditures recorded in the financial statements for the period from 1 January 1998 to 31 December 1999 had been incurred for the purposes approved by the General Assembly; whether income and expenditures were properly classified and recorded in accordance with the Financial Regulations and Rules; and whether the financial statements of the Foundation presented fairly the financial position as at 31 December 1999. The audit included a general review of financial systems and internal controls and a test examination of the accounting records and other supporting evidence to the extent the Board considered necessary to form an opinion on the financial statements. The audit was carried out at the headquarters in Nairobi.

3. In addition to the audit of accounts and financial transactions, the Board carried out reviews under article 12.5 of the Financial Regulations of the United Nations. The reviews included the internal financial controls, programme management and, in general, the administration and management of the United Nations Centre for Human Settlements (Habitat).

4. The functions relating to human resource management and other staff-related services, common conference services, finance operations, general support services, including contracts and procurement, and information facilities, were transferred to the United Nations Office at Nairobi with effect from 1 January 1996.

5. The Board continued its practice of reporting the results of specific audits to the Administration through management letters containing detailed observations and recommendations. This practice helped in maintaining an ongoing dialogue with the Administration on audit issues.

6. In accordance with section A, paragraph 7, General Assembly resolution 51/225 of 3 April 1997, the Board noted that there was only one recommendation outstanding prior to the biennium 1996-1997. The Board had recommended in the bienniums 1990-1991, 1992-1993 and 1994-1995 that the Administration identify weaknesses in project coordination and management control with a view to improving project implementation. The Board urges the Administration to implement this recommendation.

7. In accordance with General Assembly resolution 48/216 B of 23 December 1993, the Board also reviewed the measures taken by the Administration to implement the recommendations made in its report for the biennium ending 31 December 1997. Details of the action taken and the comments of the Board are set out in the annex to the present report.

8. The General Assembly, in its resolution 52/212 B of 31 March 1998, accepted the recommendations of the Board of Auditors for improving implementation of its recommendations approved by the Assembly subject to the provisions contained in the resolution. The Board's proposals which were transmitted to the General Assembly in a note by the Secretary-General (A/52/753, annex) included the following main elements:

(a) The need for specification of tables for the implementation of recommendations;

(b) The disclosure of office holders to be held accountable;

(c) The establishment of an effective mechanism to strengthen oversight in regard to the implementation of audit recommendations. Such a mechanism could be in the form of either a special committee comprising senior officials or a focal point for audit and oversight matters.

The Board noted that the Foundation had generally complied with those requirements.

9. A summary of recommendations is contained in paragraph 11. The detailed findings of the audit are reported in paragraphs 12 to 33.

10. The present report covers matters that, in the opinion of the Board, should be brought to the attention of the General Assembly. The Board's observations on all matters contained in the report were communicated to the Administration, which confirmed the facts on which the Board's observations and conclusions were based and provided explanations and answers to the Board's queries. The report is divided into two parts, covering the audit of the financial issues and management issues, respectively.

Recommendations

11. **The Board recommends that the Administration:**

(a) Disclose accounts receivable and accounts payable in gross terms rather than in net terms in accordance with the United Nations System Accounting Standards (para. 14);

(b) Apply strict expenditure control over each trust fund and project to ensure that expenditures do not exceed the authorized limits of allotment in accordance with existing rules (para. 22);

(c) Comply fully with the comprehensive guidelines for the use of consultants, as accepted by the General Assembly (para. 29);

(d) Update the roster of consultants and provide it to the United Nations Office at Nairobi to facilitate the development of a computerized central roster of consultants (para. 31).

B. Financial issues

1. United Nations System Accounting Standards

12. The Board assessed the extent to which the financial statements of the Foundation for the biennium 1998-1999 conform to the United Nations System

Accounting Standards. The review indicated that the presentation of the financial statements was generally consistent with those Standards except that accounts receivable and accounts payable were presented in net rather than gross terms, as discussed below.

Disclosure of accounts receivable and accounts payable

13. Statement X disclosed combined accounts receivable of $735,660, after netting off negative balances totalling $294,264. Similarly statement X showed combined accounts payable of $689,663, after netting off negative balances totalling $248,501. This treatment was contrary to United Nations System Accounting Standards, which require that significant items should not be offset against other items without separate identification.

14. **The Board recommends that the Administration disclose accounts receivable and accounts payable in gross rather than in net terms in accordance with the United Nations System Accounting Standards.**

2. Pledges

15. Of the total pledges of $13,237,982, due for collection, the Foundation collected some $11,489,582 (86.79 per cent), leaving a balance of $1,748,400 (13.21 per cent) at 31 December 1999. At May 2000 the status of collection of earmarked and non-earmarked pledges for the biennium 1998-1999 was 99 per cent and 95 per cent, respectively.

16. The Administration informed the Board that a central database had been established to monitor the collection of pledged contributions and reminders had been sent to Governments that had not paid their pledges. In addition, at every meeting of the Committee of Permanent Representatives, a schedule is distributed with an updated status report of the payment of non-earmarked pledges. However, the Administration stressed that delays in payment are inevitable since the financial period of countries and the Foundation do not coincide.

17. The Board was pleased to note the good progress made by the Administration in collecting pledges.

3. Write-off of losses of cash, receivables and property

18. The Administration informed the Board that a total amount of $2,109,855, comprising uncollectible receivables of $68,755 and an amount of $2,041,100 in respect of the United Nations Conference on Human Settlements (Habitat II) had been approved for write-off.

4. Ex gratia payments

19. The Administration informed the Board that no ex gratia payments had been made during the biennium 1998-1999.

C. Management issues

1. Programme management

Expenditure control

20. The Board noted that the Foundation had incurred expenditures totalling $4,838,650 on 11 trust fund projects, which was $1,270,817 in excess of the agreed allotments of $3,567,833. The Board also noted that the Foundation had incurred expenditures totalling $1,933,936 on three earmarked projects, which was $413,797 in excess of the agreed allotments totalling $1,520,139.

21. The Board was concerned at the significant overexpenditure on both the trust funds and the earmarked projects, in excess of the allotments. This indicated weak budgetary control and expenditure monitoring. The Board recalls the comments made in its report on the Foundation for the biennium 1994-1995, wherein the Board had reported on excess expenditures incurred in Habitat II, and which had eventually resulted in a significant write-off as referred to in the present report.

22. **The Board recommends that the Foundation apply strict expenditure control over each trust fund and project to ensure that expenditures do not exceed the authorized limits of allotments in accordance with existing rules.**

2. Human resources management

Selection of consultants

23. Comprehensive guidelines set out in document A/53/385 provide that to ensure selection of consultants on a more competitive basis, departments and offices are required to consider several qualified candidates for each assignment. In rare cases, a single candidate may be considered for engagement on an exceptional basis, but a reasoned and documented justification should be recorded before selection.

24. The Board reviewed 28 special service agreements and noted that in 12 of the agreements (43 per cent) only one candidate had been considered, thereby suggesting that the selection of the consultants was not done on a competitive basis.

25. The Foundation informed the Board that a single candidate had been considered for hiring because, inter alia, there was an extension of a previous assignment or expansion of a previous completed assignment; the consultant had been closely related to the projects from the outset; or had worked on the previous project; or no other candidates in the field had been identified.

26. The Board was concerned that the Foundation had not applied the comprehensive guidelines, which permit consideration of a single candidate in rare cases. In 43 per cent of the cases the Foundation had engaged consultants on a single candidate basis.

Terms of reference of consultants

27. Administrative instruction ST/AI/1999/7 requires that heads of departments and offices should ensure that detailed terms of reference describing the work to be performed are prepared well in advance of the engagement of the consultant and submitted in a timely manner to the executive or administrative office for

processing. The proposed work assignment should cover all the functions to be performed and may not include functions which have been assigned to staff members in the recent past or are intended to be so assigned in the near future. The request to hire a consultant may not be processed, nor a contract of engagement issued, unless the head of the department or office certifies that the condition has been met.

28. In the review of the 28 special service agreements, the Board noted that in 7 special service agreements the terms of reference for the work assignment of the consultants did not include relevant indicators such as timeliness, value of the services rendered in relation to the costs and achievement of results/objectives necessary for the evaluation of performance.

29. **The Board recommends that the Foundation comply fully with the comprehensive guidelines for use of consultants, as accepted by the General Assembly.**

Roster of consultants

30. Of 17 consultants hired during 1999, only 5 were listed in the Habitat roster. The Board noted that Habitat had not provided the United Nations Office at Nairobi with the information needed to maintain a central roster of qualified candidates.

31. **The Board recommends that, as required by existing policies, the Administration update the roster of consultants and provide it to the United Nations Office at Nairobi to facilitate the development of a computerized central roster of consultants.**

3. Cases of fraud and presumptive fraud

32. The Administration reported one case of fraud during the biennium 1998-1999 involving an amount of $104,500 advanced to a supplier for the purchase of water supply equipment for a technical cooperation project executed by Habitat. The supplier failed to deliver the equipment despite having received the advance payment, which represented 40 per cent of the cost. At the time of the audit, the case was under investigation by the Office of Internal Oversight Services and no amounts had been recovered.

33. In order to prevent a recurrence, the Administration has reduced the maximum level of mobilization advance payable from 40 per cent to 10 per cent.

D. Acknowledgement

34. The Board wishes to express its appreciation for the cooperation and assistance extended to Auditors by the Executive Director, his officers and members of their staff.

(*Signed*) Sir John **Bourn**
Comptroller and Auditor General of the United Kingdom
of Great Britain and Northern Ireland

(*Signed*) Osei Tutu **Prempeh**
Auditor-General of Ghana

(*Signed*) Celso D. **Gangan**
Chairman, Philippine Commission on Audit

30 June 2000

Annex

Follow-up on actions taken in implementing the recommendations of the Board of Auditors in its report for the biennium ended 31 December 1997[a]

Recommendation 11 (a)

1. The Administration should prepare the financial statements in conformity with the United Nations System Accounting Standards.

Measures taken by the Administration

2. The financial statements for the biennium 1998-1999 were prepared in accordance with the United Nations System Accounting Standards.

Comments of the Board

3. While the Board accepts that the financial statements generally comply with the United Nations System Accounting Standards, the Board comments further in the present report on accounts receivable and accounts payable.

Recommendation 11 (b)

4. The Administration should review the need for starting an operating reserve in accordance with administrative instructions.

Measures taken by the Administration

5. In the current biennium (1998-1999) an operational reserve has been set up in the special account for programme support costs.

Comments of the Board

6. The recommendation has been implemented.

Recommendation 11 (c)

7. The Administration should review the basis of its fund-raising strategy, with the aim of increasing the quantum of contributions, especially those that are not earmarked.

Measures taken by the Administration

8. The Administration is in constant contact with donor Governments with a view to increasing donor confidence. It is envisaged that this will culminate in increased non-earmarked contributions.

Comments of the Board

9. The Board will keep this matter under review.

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[a] *Official Records of the General Assembly, Fifty-third Session, Supplement No. 5H* (A/53/5/Add.8), chap. II, para. 11.

Recommendation 11 (d)

10. The Administration should analyse the reasons for substantial time overruns in projects and take corrective measures.

Measures taken by the Administration

11. Unit coordinators and programme management officers have been instructed to properly justify and document the reasons for budget increases and for project delays or extensions.

Comments of the Board

12. The Board takes note of the measures taken by the Administration and will keep this matter under review.

Recommendation 11 (e)

13. The Administration should set a time-frame for closing the projects financially soon after their operational closure.

Measures taken by the Administration

14. Unit coordinators and programme management officers have been instructed to reduce the time lag between operational closure and financial closure of projects.

Comments of the Board

15. The Board takes note of the measures taken.

Recommendation 11 (f)

16. The Administration should ensure that full documentation is maintained in the relevant project files and enhance the information in the statement of closed projects to show full details of project out-turn and delivery as a means of evaluating performance.

Measures taken by the Administration

17. Unit Coordinators and Programme Management Officers have been instructed to ensure that full documentation is maintained in the relevant project files and basic documents on projects implemented by the Rio and Fukuoka Offices are made available at headquarters.

Comments of the Board

18. The Board takes note of the measures taken and will keep this matter under review.

Recommendation 11 (g)

19. The Administration should take steps to generate information on actual costs of production and other expenses in order to control costs and help in the pricing of publications.

Measures taken by the Administration

20. Collaboration for joint sales policies has been initiated with the United Nations Environment Programme (UNEP) and the United Nations Office at Nairobi.

Comments of the Board

21. The Board will keep this matter under review.

Recommendation 11 (h)

22. The Administration should finalize contracts with transparency and in accordance with the financial rules, and obtain the requisite approvals before the contracts are awarded.

Measures taken by the Administration

23. The United Nations Office at Nairobi is implementing the recommendation as required by the financial rules 110.16 and 110.24 and the United Nations Procurement Manual. The United Nations Office at Nairobi ensures that as per financial rule 110.17 all contracts to be entered into that involve commitment to a single contractor in respect of a single requisition in a series of related requisitions totalling $150,000 are presented to the Local Committee on Contracts.

Comments of the Board

24. The Board will keep this matter under review.

Chapter III
Audit opinion

We have audited the accompanying financial statements, comprising statements I to XI of the United Nations Habitat and Human Settlements Foundation, including associated trust funds and other related accounts and the supporting notes to the financial statements for the period from 1 January 1998 to 31 December 1999. These financial statements are the responsibility of the Executive Director of the United Nations Office at Nairobi. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with the common auditing standards of the Panel of External Auditors of the United Nations, the specialized agencies and the International Atomic Energy Agency. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, and as considered by the Board of Auditors to be necessary in the circumstances, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by the Executive Director, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for the audit opinion.

In our opinion, these financial statements present fairly, in all respects, the financial position at 31 December 1999 and the results of operations and cash flows for the period then ended in accordance with the organization's stated accounting policies set out in note 2 to the financial statements which were applied on a basis consistent with that of the preceding financial period.

Further, in our opinion, the transactions of the United Nations Habitat and Human Settlements Foundation which we have tested as part of our audit, have in all significant respects been in accordance with the Financial Regulations and legislative authority.

In accordance with article XII of the Financial Regulations, we have also issued a long-form report on our audit of the financial statements of the United Nations Habitat and Human Settlements Foundation.

(*Signed*) Sir John **Bourn**
Comptroller and Auditor General of the
United Kingdom of Great Britain and Northern Ireland

(*Signed*) Osei Tutu **Prempeh**
Auditor-General of Ghana

(*Signed*) Celso D. **Gangan**
Chairman, Philippine Commission on Audit

30 June 2000

Chapter IV
Certification of the financial statements

31 March 2000

I certify that the appended financial statements of the United Nations Habitat and Human Settlements Foundation, including associated trust funds and other related accounts, numbered I to XI, are correct.

(*Signed*) Klaus **Töpfer**
Acting Executive Director
United Nations Centre for Human Settlements (Habitat)

Chapter V

Financial statements for the biennium ended 31 December 1999

United Nations
Habitat and Human Settlements Foundation

Statement I

Statement of income and expenditure and changes in fund balance
for the biennium ended
31 December 1999*

Income	Reference	1999 US$	1997 US$
Voluntary contributions from Governments	Sch 2.2	12,101,737	13,730,720
Voluntary contributions from public donors		6,906,225	1,051,969
Income from services rendered		2,280,698	1,700,131
Interest income		677,796	81,786
Miscellaneous income		208,357	9,341
Gain/(loss) on exchange		(90,374)	(479)
Total income		**22,084,439**	**16,573,468**
Expenditure			
Programme activities	Sch 1.1	4,245,561	4,505,080
Project activities: Non-earmarked	Sch 1.2	463,674	3,092,490
Earmarked	Sch 1.3	13,276,481	7,362,778
Programme support costs	Sch 3.1	1,710,575	1,133,629
Total expenditure		**19,696,291**	**16,093,977**
Excess of income over expenditure		2,388,148	479,491
Prior period adjustments		(1,771,634)	(1,719,126)
Net excess/(shortfall) of income over expenditure		**616,514**	**(1,239,635)**
Savings on, or cancellation of, prior period obligations		363,268	435,988
Habitat II Conference write off (note 8)	St VII	(2,041,100)	0
Transfer to operational reserve for Special Account for Programme Support Costs	St III	(257,915)	0
Fund balances at beginning of period		3,575,279	4,378,926
Fund balances at end of period		**2,256,046**	**3,575,279**

* Includes Special Account for Programme Support Costs, but excludes accounts for Danida and Habitat II.

United Nations

Habitat and Human Settlements Foundation

Schedule 1.1

Programme Activities

Status of allocations for the biennium ended 31 December 1999

Expenditure	Allocation US$	Disbursements US$	Unliquidated Obligations US$	Total US$	Unencumbered Balance US$
Experts, other personnel costs	3,180,300	2,831,441	59,204	2,890,645	289,655
Travel	150,000	138,475	11,446	149,921	79
Training	220,000	164,048	54,227	218,275	1,725
General operating expenses	984,000	732,714	178,498	911,212	72,788
Supplies and materials	50,000	7,185	42,000	49,185	815
Miscellaneous	26,000	12,983	13,340	26,323	(323)
Total	**4,610,300**	**3,886,846**	**358,715**	**4,245,561**	**364,739**
Executive direction and management	1,003,400	918,716	81,033	999,749	3,651
Other programme activities	3,606,900	2,968,130	277,682	3,245,812	361,088
Total	**4,610,300**	**3,886,846**	**358,715**	**4,245,561**	**364,739**

United Nations
Habitat and Human Settlements Foundation

Schedule 1.2

Non-earmarked Project Activities

Status of allocations for the biennium ended 31 December 1999

Expenditure	Allocation US$	Disbursements US$	Unliquidated Obligations US$	Total US$	Unencumbered Balance US$
Experts, other personnel costs	373,690	223,785	30,799	254,584	119,106
Subcontracts	35,825	85,536	0	85,536	(49,711)
Training	131,460	57,439	0	57,439	74,021
Equipment	2,250	14,599	28	14,627	(12,377)
Miscellaneous	60,630	38,249	13,239	51,488	9,142
Total	**603,855**	**419,608**	**44,066**	**463,674**	**140,181**

United Nations

Habitat and Human Settlements Foundation

Schedule 1.3

Earmarked Project Activities

Status of allocations for the biennium ended 31 December 1999

Expenditure	Allocation US$	Disbursements US$	Unliquidated Obligations US$	Total US$	Unencumbered Balance US$
Experts, other personnel costs	5,714,577	5,370,386	604,240	5,974,626	(260,049)
Subcontracts	3,776,709	746,827	2,840,949	3,587,776	188,933
Training	1,569,852	1,021,387	290,348	1,311,735	258,117
Equipment	693,727	(171,347)	154,444	(16,903)	710,630
Miscellaneous	1,236,387	592,545	420,811	1,013,356	223,031
Programme Support Costs	1,405,891	1,405,891	0	1,405,891	0
Total	**14,397,143**	**8,965,689**	**4,310,792**	**13,276,481**	**1,120,662**

United Nations Habitat Human Settlements Foundation Schedule 1.4

Project expenditure by country and region for the biennium ended 31 December 1999

	Total expenditure
Country	**US$**
Afghanistan	1,654,102
China	58,149
India	(4,793)
Japan	1,783,952
Palau	(9,972)
Panama	8,919
Russian Federation	(27,652)
Senegal	197
Sub-total	**3,462,902**
Region	
Global and other projects	8,164,060
Africa Region	405,093
Asia and the Pacific Region	30,524
Latin American Region	271,685
Sub-total	**8,871,362**
Programme Support Costs	1,405,891
Total Project Expenditure	**13,740,155**

United Nations
Habitat and Human Settlements Foundation

Statement II

Statement of assets, liabilities, reserves and fund balance as at 31 December 1999*

Assets	Reference	1999 US$	1997 US$
Cash and Term Deposits			
Convertible currency	Sch 2.3	12,542,957	5,535,077
Non-convertible currency	Sch 2.3	732,021	216,293
Contributions from Public Donors		374,345	563,714
Contributions receivable from Governments	Sch 2.2	1,748,400	2,527,068
Provision for delays in collection of contributions		(220,474)	(222,815)
Accounts receivable		557,793	986,089
Deferred charges		30,256	139,991
Inter-fund receivable		7,470,113	3,774,630
Due from other UN Agencies		290,350	0
Total Assets		**23,525,761**	**13,520,047**
Liabilities			
Deferred contributions from Governments		0	2,659,773
Unliquidated obligations	Sch 1.1 1.2, 1.3 & 3.1	4,939,146	3,145,073
Inter-fund payable		7,969,906	253,258
Due to UN General Fund		2,786,649	396,754
Due to other UN Agencies		2,930,461	2,054,100
Provision for uncollectable accounts	Note 9	739,073	0
Accounts payable		643,902	433,147
Total Liabilities		**20,009,137**	**8,942,105**
Net Assets		**3,516,624**	**4,577,942**
Fund Balance			
Financial reserve		1,002,663	1,002,663
Operational reserve of the Special Account for Programme Support Costs	St I	257,915	0
Cumulative Surplus	St I	2,256,046	3,575,279
Fund Balance		**3,516,624**	**4,577,942**

* Includes Special Account for Programme Support Costs, but excludes accounts for Danida and Habitat II

United Nations Habitat and Human Settlements Foundation

Schedule 2.1

Status of non-earmarked contributions and unpaid pledges as at 31 December 1999

Country	Unpaid pledges at 1 January 1998 US$	Adjustments of prior pledges US$	Collections of prior pledges US$	Pledges For 1998-99 US$	Collections of 1998-99 pledges US$	Unpaid pledges for current and prior years US$
Argentina	0	3,000	(3,000)	3,000	(3,000)	0
Austria	0	0	0	139,211	(139,211)	0
Bangladesh	2,700	0	0	4,000	(1,500)	5,200
Barbados	1,000	0	0	6,000	(6,000)	1,000
Belgium	0	0	0	235,963	0	235,963
Benin	4,000	0	(4,000)	8,000	(8,000)	0
Bhutan	2,500	0	0	0	0	2,500
Brazil	0	0	0	0	0	0
Burkina Faso	0	0	0	3,190	(3,190)	0
Burundi	877	0	0	0	0	877
Canada	0	6,989	(6,989)	0	0	0
Chile	5,000	0	0	10,000	0	15,000
China	0	0	0	116,232	(98,116)	18,116
Colombia	0	0	0	24,000	(12,000)	12,000
Congo	5,897	0	0	0	0	5,897
Czech Rep	68,493	0	(68,493)	130,596	(130,596)	0
Egypt	9,779	(3,844)	(5,935)	5,900	(5,900)	0
Finland	0	0	0	970,038	(970,038)	0
France	15,788	0	(15,788)	279,759	(279,759)	0
Gabon	60,811	0	0	0	0	60,811
Germany	0	0	0	1,250,818	(1,250,818)	0
Ghana	0	0	0	10,000	(10,000)	0
Greece	0	0	0	32,000	(32,000)	0
Guyana	1,029	0	0	0	0	1,029
India	0	0	0	200,000	(181,471)	18,529
Indonesia	0	0	0	14,000	(14,000)	0

Status of non-earmarked contributions and unpaid pledges as at 31 December 1999

Country	Unpaid pledges at 1 January 1998 US$	Adjustments of prior pledges US$	Collections of prior pledges US$	Pledges For 1998-99 US$	Collections of 1998-99 pledges US$	Unpaid pledges for current and prior years US$
Jamaica	16,521	0	0	4,000	(4,000)	16,521
Japan	0	712	(712)	479,000	(241,500)	237,500
Kenya	0	0	0	62,149	(18,149)	44,000
Lesotho	1,518	(53)	(1,465)	0	0	0
Luxembourg	0	0	0	105,910	(105,910)	0
Malawi	9,381	0	0	0	0	9,381
Malaysia	10,000	0	0	6,579	(6,579)	10,000
Morocco	0	0	0	10,000	(10,000)	0
Namibia	2,242	0	(2,242)	0	0	0
Netherlands	0	33,561	(33,561)	1,067,744	(1,067,744)	0
New Hebrides	500	0	0	0	0	500
Nigeria	50,000	0	(50,000)	100,000	0	100,000
Norway	0	0	0	60,398	(60,398)	0
Pakistan	5,000	0	0	6,005	(6,005)	5,000
Panama	2,000	0	(2,000)	1,000	(1,000)	0
Philipines	1,582	0	0	3,809	(3,809)	1,582
Poland	0	0	0	10,000	(10,000)	0
Portugal	0	0	0	50,000	(25,000)	25,000
Rep.Korea	0	0	0	45,000	(45,000)	0
Romania	1,976	0	0	0	0	1,976
Senegal	2,157	0	(2,157)	1,801	(1,801)	0
South Africa	3,953	0	(3,953)	6,803	(6,803)	0
Sri Lanka	0	0	0	17,500	(17,500)	0
Sudan	6,329	0	0	0	0	6,329
Swaziland	184	0	(184)	528	(528)	0
Sweden	0	0	0	1,177,123	(1,177,123)	0

Status of non-earmarked contributions and unpaid pledges as at 31 December 1999

Country	Unpaid pledges at 1 January 1998	Adjustments of prior pledges	Collections of prior pledges	Pledges For 1998-99	Collections of 1998-99 pledges	Unpaid pledges for current and prior years
	US$	US$	US$	US$	US$	US$
Tanzania U. Rep	988	0	0	0	0	988
Togo	1,450	0	0	0	0	1,450
Trinidad & Tobago	0	0	0	1,000	0	1,000
Tunisia	5,685	0	0	1,793	(1,793)	5,685
Turkey	0	0	0	100,000	(100,000)	0
U.Rep.Cameroon	40,224	0	0	0	0	40,224
United Kingdom	163,547	2	(163,550)	486,010	(164,270)	321,739
Venezuela	43,195	0	(43,195)	0	0	0
Yemen	2,300	0	0	0	0	2,300
Yugoslavia	45,000	0	0	0	0	45,000
Zimbabwe	7,199	0	0	0	0	7,199
Non-earmarked contributions	600,806	40,366	(407,224)	7,246,859	(6,220,511)	1,260,296

United Nations Habitat and Human Settlements Foundation

Schedule 2.2

Status of earmarked contributions and unpaid pledges as at 31 December 1999

Country	Unpaid pledges at 1 January 1998	Adjustments of prior pledges	Collections of prior pledges	Pledges For 1998-99	Collections of 1998-99 pledges	Unpaid pledges for current and prior years
	US$	US$	US$	US$	US$	US$
Belgium	942,176	(942,176)	0	153,400	(153,400)	0
Brazil	20,000	0	(20,000)	20,000	(20,000)	0
Canada	60,569	(60,569)	0	0	0	0
Colombia	0	0	0	12,485	(12,485)	0
Egypt	0	0	0	6,000	0	6,000
Finland	20,475	(20,475)	0	0	0	0
France	7,987	(7,987)	0	0	0	0
Ireland	0	0	0	225,000	(225,000)	0
Italy	0	0	0	54,675	(38,190)	16,485
Jamaica	0	0	0	0	0	0
Japan	0	0	0	479,000	(241,500)	237,500
Jordan	8,426	0	(8,426)	0	0	0
Malawi	13,762	0	0	0	0	13,762
Netherlands	(24,373)	24,373	0	1,903,015	(1,901,538)	1,477
New Hebrides	0	0	0	0	0	0
Nigeria	0	0	0	0	0	0
Norway	0	0	0	515,417	(515,417)	0
Russian Federation	0	444,600	(444,600)	0	0	0
Spain	0	0	0	224,952	(224,952)	0
Sweden	0	0	0	145,500	(145,500)	0
Switzerland	0	0	0	104,976	(66,076)	38,900
Turkey	0	0	0	60,000	(60,000)	0
United Kingdom	(3)	3	0	950,458	(784,763)	165,695
Zimbabwe	8,285	0	0	0	0	8,285
Earmarked contributions	**1,057,304**	**(562,231)**	**(473,026)**	**4,854,878**	**(4,388,821)**	**488,104**
Non-earmarked contributions (Sch 2.1)	**600,806**	**40,366**	**(407,224)**	**7,246,859**	**(6,220,511)**	**1,260,296**
Total Government contributions	**1,658,110**	**(521,865)**	**(880,250)**	**12,101,737**	**(10,609,332)**	**1,748,400**

United Nations

Habitat and Human Settlements Foundation

Schedule 2.3

Convertible and non-convertible cash and term deposits as at 31 December 1999

			1999	1997
Convertible currency			US$	US$
Cash at banks			4,542,957	5,535,077
Term deposits	Maturity Date	Rate %		
Bayerische Landesbank	15 February 2000	5.88	2,000,000	0
Bayerische Landesbank	22 February 2000	5.97	3,000,000	0
Royal Bank of Scotland	24 March 2000	5.98	3,000,000	0
Total			12,542,957	5,535,077

Non-convertible currency	US$ equivalent	US$ equivalent
Indian Rupees	308,045	175,200
United States Dollars (restricted to use within Russia)	390,247	0
Other	33,729	41,093
Total	732,021	216,293

Statement III

United Nations
Habitat and Human Settlements Foundation

Special Account for Programme Support Costs

Income and expenditure and changes in fund balance
for the biennium ended
31 December 1999

Income	Reference	1999 US$	1997 US$
Income from programme support costs			
Foundation	Sch 1.3	1,405,891	801,132
Danida	Sch 5.1	874,807	898,999
Miscellaneous income		97,309	0
Interest income		230,915	0
Gain/Loss on exchange		(133)	(36)
Total income		**2,608,789**	**1,700,095**
Expenditure			
Programme support cost activities	Sch 3.1	1,710,575	1,133,629
Total expenditure		**1,710,575**	**1,133,629**
Excess of income over expenditure		898,214	566,466
Prior period adjustments		(220,008)	0
Net shortfall of income over expenditure		**678,206**	**566,466**
Savings on, or cancellation of, prior period obligations		119,552	36,892
Transfer to operational reserve	Note 2(d)	(257,915)	0
Fund Balances at beginning of period		2,094,765	1,491,407
Fund balances at end of period		**2,634,608**	**2,094,765**

United Nations
Habitat and Human Settlements Foundation

Schedule 3.1

Special Account for Programme Support Costs

Status of allocations for the biennium ended 31 December 1999

Expenditure	Allocation US$	Disbursements US$	Unliquidated Obligations US$	Total US$	Unencumbered Balance US$
Experts, other personnel costs	1,159,000	1,039,437	14,203	1,053,640	105,360
Travel	80,000	48,246	13,454	61,700	18,300
Training	92,000	43,531	48,469	92,000	0
General Operating Expenses	356,000	230,351	124,222	354,573	1,427
Supplies and Materials	60,000	34,143	22,529	56,672	3,328
Equipment	50,500	89,294	2,696	91,990	(41,490)
Miscellaneous	500	0	0	0	500
Total	1,798,000	1,485,002	225,573	1,710,575	87,425

Statement IV

United Nations
Habitat and Human Settlements Foundation

Special account for Programme Support Costs

Statement of assets and liabilities and fund balance as at 31 December 1999

		1999	1997
Assets	**Reference**	**US$**	**US$**
Inter-fund receivable		3,135,983	1,912,582
Other accounts receivable		15	471,804
Total Assets		**3,135,998**	**2,384,386**
Liabilities			
Unliquidated obligations	Sch 3.1	225,573	256,301
Other accounts payable		17,902	33,320
Total Liabilities		**243,475**	**289,621**
Net Assets		**2,892,523**	**2,094,765**
Fund Balance			
Operational reserve	St III	257,915	0
Cumulative Surplus	St III	2,634,608	2,094,765
Fund Balance		**2,892,523**	**2,094,765**

United Nations
Habitat and Human Settlements Foundation

Statement V

Danida

Statement of income and expenditure and changes in fund balance for the biennium ended 31 December 1999

Danish International Development Agency/United Nations Centre for Human Settlements multi bilateral agreement for project activities

		1999	1997
Income	**Reference**	**US$**	**US$**
Contributions from Danida	Sch 5.2	6,272,951	8,709,491
Interest income		222,984	77,279
Gain/(loss) on exchange		(7,538)	(969)
Total income		**6,488,397**	**8,785,801**
Expenditure			
Project activities		6,713,564	7,258,279
Programme support costs	Sch 5.1/5.3	874,807	898,999
Total expenditure	Sch 5.1/5.3	**7,588,371**	**8,157,278**
Excess of income over expenditure		(1,099,974)	628,523
Prior period adjustments		(1,046,656)	(226,960)
Net (shortfall)/excess of income over expenditure		**(2,146,630)**	**401,563**
Savings on, or cancellation of, prior period obligations		0	342,897
Fund balance at beginning of period		997,523	253,063
Fund balance at end of period		**(1,149,107)**	**997,523**

United Nations Habitat Human Settlements Foundation

Schedule 5.1

Danida

Status of allocations for the biennium ended 31 December 1999

Danish International Development Agency/United Nations Centre for Human Settlements
multi bilateral agreement for project activities

Expenditure	Allocation US$	Disbursements US$	Unliquidated Obligations US$	Total US$	Unencumbered Balance US$
Experts, other personnel costs	2,322,342	3,942,483	362,717	4,305,200	(1,982,858)
Subcontracts	276,287	220,674	233,078	453,752	(177,465)
Training	2,046,510	802,361	544,351	1,346,712	699,798
Equipment	102,142	14,096	42,199	56,295	45,847
Miscellaneous	544,466	394,149	157,456	551,605	(7,139)
Programme support costs	995,219	874,807	0	874,807	120,412
Total	**6,286,966**	**6,248,570**	**1,339,801**	**7,588,371**	**(1,301,405)**

United Nations Habitat Human Settlements Foundation

Schedule 5.2

Danida

Status of unpaid pledges for the biennium ended 31 December 1999

Danish International Development Agency/United Nations Centre for Human Settlements multi bilateral agreement for project activities

Country	Pledges For 1998-99 US$	Collections of 1998-99 pledges US$	Unpaid pledges for current year US$
Denmark	6,272,951	(4,880,193)	1,392,758

United Nations Habitat Human Settlements Foundation

Schedule 5.3

Danida

Project expenditure by country and by region for the biennium ended 31 December 1999
Danish International Development Agency/United Nations Centre for Human Settlements
multi bilateral agreement for project activities

	Total Expenditure
Country	**US$**
Costa Rica	824,712
Ecuador	91,867
Ghana	734,729
Nigeria	(91,785)
Sri Lanka	10
Tanzania	117,600
Uganda	(167,457)
Sub-total	**1,509,676**
Region	
Africa Region	603,237
Asia and the Pacific Region	91,497
Latin American Region	1,089,795
Global	3,419,359
Sub-total	**5,203,888**
Programme support costs	874,807
Total project expenditure	**7,588,371**

United Nations

Statement VI

Habitat and Human Settlements Foundation

Danida

Statement of assets, liabilities and fund balance as at 31 December 1999
Danish International Development Agency/United Nations Centre for Human Settlements
multi bilateral agreement for project activities

	Reference	1999	1997
Assets		**US$**	**US$**
Cash and term deposits			
Convertible currency		1,070,140	3,858,127
Contributions receivable	Sch 5.2	1,392,758	0
Accounts receivable		177,867	136,265
Deferred charges		30,597	14,142
Due from UN General Fund		500	0
Total assets		**2,671,862**	**4,008,534**
Liabilities			
Unliquidated obligations	Sch 5.1	1,339,801	2,027,632
Inter-fund payable		2,383,896	866,816
Due to other UN Agencies		51,511	0
Accounts payable		45,761	116,563
Total liabilities		**3,820,969**	**3,011,011**
Net assets		**(1,149,107)**	**997,523**
Fund balance			
Cumulative (deficit)/surplus	St IV	(1,149,107)	997,523
Fund balance		**(1,149,107)**	**997,523**

United Nations Centre for Human Settlements — Statement VII

Habitat II Conference

Statement of income and expenditure and changes in fund balance
for the biennium ended 31 December 1999

Income	Reference	1999 US$	1997 US$
Contributions from Governments		0	2,962,840
Contributions from public donors		0	458,914
Foundation	Note 8	2,041,100	0
Miscellaneous income		1,421	18,318
Loss on exchange		(15)	(99)
Total income		2,042,506	3,439,973
Expenditure			
Project activities		39,875	3,835,940
Total expenditure		39,875	3,835,940
Excess/(shortfall) of income over expenditure		2,002,631	(395,967)
Prior period adjustments: Pledges		(120,347)	(469,179)
Expenditures		(130,635)	(316,606)
Net excess/(shortfall) of income over expenditure		1,751,649	(1,181,752)
Fund balance at beginning of period		(1,751,649)	(569,897)
Fund balance at end of period		0	(1,751,649)

United Nations Centre for Human Settlements — Statement VIII

Habitat II Conference

Consolidated statement of assets and liabilities and fund balance as at 31 December 1999

		1999	1997
Assets	**Reference**	**US$**	**US$**
Contributions from Public Donors		0	1,000
Contributions receivable from Governments		0	263,658
Accounts receivable		0	24,819
Total Assets		0	289,477
Liabilities			
Unliquidated obligations		0	299,920
Inter-fund payable		0	1,738,488
Accounts payable		0	2,718
Total Liabilities		0	2,041,126
Net Assets		0	(1,751,649)
Fund Balance			
Cumulative Deficit	St VII	0	(1,751,649)
Fund Balance		0	(1,751,649)

United Nations
Habitat and Human Settlements Foundation

Statement IX

Combined statement of income and expenditure and changes in fund balance
for the biennium ended
31 December 1999

Income	Reference	Foundation US$	Danida US$	Habitat II US$	Combined 1999 US$	Combined 1997 US$
Contributions from Governments		12,101,737	6,272,951	0	**18,374,688**	22,440,211
Contributions from public donors		6,906,225	0	0	**6,906,225**	1,051,969
Income from services rendered		2,280,698	0	0	**2,280,698**	1,700,131
Interest income		677,796	222,984	0	**900,780**	159,065
Miscellaneous income		208,357	0	1,421	**209,778**	9,341
Gain/(loss) on exchange		(90,374)	(7,538)	(15)	**(97,927)**	(1,448)
Total income		**22,084,439**	**6,488,397**	**1,406**	**28,574,242**	25,359,269
Expenditure						
Programme activities		4,245,561	0	0	**4,245,561**	4,505,080
Project activities Earmarked		13,276,481	7,588,371	39,875	**20,904,727**	18,612,546
Non-earmarked		463,674	0	0	**463,674**	
Programme support costs		1,710,575	0	0	**1,710,575**	1,133,629
Total expenditure		**19,696,291**	**7,588,371**	**39,875**	**27,324,537**	24,251,255
Excess of income over expenditure		2,388,148	(1,099,974)	(38,469)	**1,249,705**	1,108,014
Prior period adjustments		(1,771,634)	(1,046,656)	(250,982)	**(3,069,272)**	(1,946,086)
Net excess/(shortfall) of income over expenditure	**Note 9**	**616,514**	**(2,146,630)**	**(289,451)**	**(1,819,567)**	(838,072)
Savings on, or cancellation of, prior period obligations	Note 2(p)	363,268	0	0	**363,268**	778,885
Habitat II Conference write off	Note 8	(2,041,100)	0	2,041,100	**0**	0
Transfer to operational reserve for Special Account for Programme Support Costs	Note 2(d)	(257,915)	0	0	**(257,915)**	0
Fund balances at beginning of period		3,575,279	997,523	(1,751,649)	**2,821,153**	4,631,989
Fund balances at end of period		**2,256,046**	**(1,149,107)**	**0**	**1,106,939**	4,572,802

United Nations
Habitat and Human Settlements Foundation

Statement X

Combined statement of assets, liabilities, reserves and fund balance as at
31 December 1999

Assets	Reference	Foundation US$	Danida US$	Habitat II US$	Combined 1999 US$	Combined 1997 US$
Cash and term deposits						
Convertible currency		12,542,957	1,070,140	0	13,613,097	9,393,204
Non-convertible currency		732,021	0	0	732,021	216,293
Contributions from Public Donors		374,345	0	0	374,345	563,714
Contributions receivable from Governments		1,748,400	1,392,758	0	3,141,158	2,527,068
Provision for delays in collection of contributions		(220,474)	0	0	(220,474)	(222,815)
Accounts receivable	Note 3	557,793	177,867	0	735,660	1,122,354
Deferred charges	Note 4	30,256	30,597	0	60,853	154,133
Inter-fund receivable		7,470,113	0	0	7,470,113	3,774,630
Due from other UN Agencies		290,350	0	0	290,350	0
Total assets		**23,525,761**	**2,671,362**	**0**	**26,197,123**	**17,528,581**
Liabilities						
Deferred contributions from Governments		0	0	0	0	2,659,773
Unliquidated obligations		4,939,146	1,339,801	0	6,278,947	5,172,705
Inter-fund payable	Note 5	7,969,906	2,383,896	0	10,353,802	3,570,928
Due to UN General Fund		2,786,649	(500)	0	2,786,149	0
Due to other UN agencies		2,930,461	51,511	0	2,981,972	0
Provision for uncollectable accounts	Note 9	739,073	0	0	1,478,000	0
Accounts payable	Note 7	643,902	45,761	0	689,663	549,710
Total liabilities		20,009,137	3,820,469	0	24,568,533	11,953,116
Net assets		3,516,624	(1,149,107)	0	1,628,590	5,575,465
Fund balance						
Financial reserve		1,002,663	0	0	1,002,663	1,002,663
Operational reserve		257,915	0	0	257,915	0
Cumulative surplus		2,256,046	(1,149,107)	0	1,106,939	4,572,802
Fund balance		3,516,624	(1,149,107)	0	2,367,517	5,575,465

United Nations

Habitat and Human Settlements Foundation

Statement XI

Statement of cash flows for the biennium ended 31 December 1999

Cash flows from operating activities	Foundation US$	Danida US$	Habitat II US$	Combined 1999 US$	Combined 1997 US$
Net excess/(shortfall) of income over expenditure	**616,514**	**(2,146,630)**	**1,751,649**	**221,533**	**(2,019,824)**
(Increase)/decrease in contributions receivable	**968,037**	(1,392,758)	264,658	**(160,063)**	**2,737,718**
Provision for delays in collection of contributions	**(2,341)**	0	0	**(2,341)**	**222,815**
(Increase)/decrease accounts receivable	**428,296**	(41,602)	24,819	**411,513**	**(719,469)**
(Increase)/decrease deferred charges	**109,735**	(16,455)	0	**93,280**	**(113,944)**
Increase/(decrease) in contributions in respect of future years	**(2,659,773)**	0	0	**(2,659,773)**	**(1,026,425)**
Increase/(decrease) in unliquidated obligations	**1,794,073**	(687,831)	(299,920)	**806,322**	**1,716,425**
Increase in provision for uncollectable accounts	**739,073**	0	0	**739,073**	**0**
Increase/(decrease in accounts payable	**210,755**	(70,802)	(2,718)	**137,235**	**(418,568)**
Less: Interest income	**(677,796)**	(222,984)	0	**(900,780)**	**(159,065)**
Net cash flow from operating activities	**1,526,573**	**(4,579,062)**	**1,738,488**	**(1,314,001)**	**219,663**
Increase/(decrease) in interfund payable/(receivable)	4,021,165	1,517,080	(1,738,488)	3,799,757	2,771,810
Increase in amount due to UN General Fund	3,266,256	51,511	0	**3,317,767**	
(Decrease) in amount due from other UN Agencies	(290,350)	(500)	0	**(290,850)**	
Plus: Interest income	677,796	222,984	0	**900,780**	**159,065**
Net cash flow from investing and financing activities	**7,674,867**	**1,791,075**	**(1,738,488)**	**7,727,454**	**2,930,875**
Cash flows from other sources					
Savings in prior period obligations	363,268	0	0	**363,268**	**778,885**
Habitat II Conference write off	(2,041,100)	0	0	**(2,041,100)**	**0**
Net cash flow from other sources	**(1,677,832)**	**0**	**0**	**(1,677,832)**	**778,885**
Net increase/(decrease) in cash and bank balances	**7,523,608**	**(2,787,987)**	**0**	**4,735,621**	**3,929,423**
Cash and bank balances at 1 January 1998	5,751,370	3,858,127	0	**9,609,497**	**5,680,074**
Cash and bank balances at 31 December 1999	**13,274,978**	**1,070,140**	**0**	**14,345,118**	**9,609,497**

Notes to the financial statements

Note 1
United Nations Habitat and Human Settlements Foundation and its objectives

On 16 December 1974, the General Assembly adopted resolution 3327 (XXIX), by which it created the United Nations Habitat and Human Settlements Foundation. On 19 December 1977, the General Assembly adopted resolution 32/162 by which it established a secretariat (the United Nations Centre for Human Settlements (Habitat)) and a Commission on Human Settlements. The main objectives of the Foundation are:

(a) To assist countries and regions in increasing and improving their own efforts to solve human settlements problems;

(b) To promote greater international cooperation in order to increase the availability of resources of developing countries and regions;

(c) To promote the integral concept of human settlements and a comprehensive approach to human settlements problems in all countries;

(d) To strengthen cooperation and co-participation in this domain among all regions;

(e) To ensure the harmonization of human settlements programmes planned and carried out by the United Nations system; to coordinate human settlements activities in the United Nations system, to keep them under review and to assess their effectiveness at the inter-secretariat level;

(f) To supplement the resources of the regions in formulating and implementing human settlement projects when required;

(g) To provide the focal point for a global exchange of information about human settlements; to initiate public information activities on human settlements in cooperation with the Department of Public Information of the United Nations Secretariat;

(h) To promote collaboration with, and involvement of, the world scientific community concerned with human settlements.

Note 2
Summary of significant accounting policies

The following are the significant accounting policies of the United Nations Habitat and Human Settlements Foundation:

(a) Financial regulations

The accounts are maintained in accordance with the Financial Regulations of the United Nations as adopted by the General Assembly, the rules formulated by the Secretary-General as required under the regulations, including the special annex of the financial rules of the United Nations Habitat and Human Settlements

Foundation, specific decisions of the Commission on Human Settlements and administrative issuances, and in conformity with generally accepted accounting principles.

The United Nations and the Foundation follow the United Nations System Accounting Standards (A/48/530, annex), and where departures from the standards occur as a result of decisions of the legislative bodies of individual organizations, attention is drawn to each instance in the statement of significant accounting policies included in the financial statements.

(b) Regular budget of the United Nations

The regular budget of the United Nations meets part of the costs of the secretariat of the Foundation established under resolution 32/162 of 19 December 1977. Details of the expenditures under the regular budget may be found in the financial report and audited financial statements of the United Nations. They are not considered further in the present report.

(c) Financial reserve

As stated in rule 311.2 (b) of the Financial Rules of the Foundation, the purpose of the general financial reserve is to guarantee the financial liquidity and integrity of the Foundation, to compensate for uneven cash flows and to meet such other similar requirements as may be decided upon by the Commission on Human Settlements. The level of the financial reserve is determined from time to time by the Commission, and in accordance with paragraph 2 of resolution 2/2 of 4 April 1979, the Executive Director set up the financial reserve at a level of $281,600 in 1979 to cover the period from 1 January 1979 to 30 June 1980. The financial reserve was last adjusted in 1989 to a level of $1,002,663, equivalent to 9.89 per cent of the total programme of work of the Foundation approved by the Commission for the biennium 1988-1989. The reserve has remained unchanged since 1989.

(d) Operational reserve

As stated in administrative instruction ST/AI/286, an operating reserve maintained at the level of 20 per cent of the estimated annual programme support income is required to be held in a separate account at all times to protect against unforeseen shortfalls in delivery, inflation and currency adjustments or to liquidate legal obligations in case of abrupt terminations of activities financed from extrabudgetary resources. Accordingly, in the current biennium, an operational reserve has been set up in the special account for programme support costs.

(e) Basis of accounting

The financial statements are prepared on the historical cost basis of accounting and have not been adjusted to reflect the effects of changing prices for goods and services.

(f) Fund accounting

The accounts are maintained on a "fund accounting" basis and each fund is maintained as a distinct financial and accounting entity with a separate self-balancing double entry group of accounts. Separate financial statements are prepared for each fund or for a group of funds of the same nature.

(g) Financial period

The financial period of the Foundation is a biennium and consists of two consecutive calendar years.

(h) Accrual basis

The income and expenditure and assets and liabilities are recognized on the accrual basis of accounting.

(i) Translation of currencies

The accounts of the Foundation are presented in United States dollars. Accounts maintained in other currencies are translated into United States dollars at the time of transaction at rates of exchange established by the Treasurer of the United Nations. In respect of such currencies, the financial statements reflect the cash, investments and unpaid pledges in currencies other than United States dollars, translated at the applicable United Nations rates of exchange in effect as at the date of the statements.

(j) Contributions

Pledges are recorded as income on the basis of a written commitment by prospective donors to pay monetary contributions at a specified time or times. In the previous biennium, pledges received for future years were recorded as deferred income and reported as such in the financial statements. This practice has been discontinued in line with external auditors' recommendations.

(k) Investments

Funds on deposit in interest bearing accounts are shown in the statement of assets and liabilities as cash and term deposits.

(l) Deferred charges

Deferred charges comprise expenditure items that are not properly chargeable in the current financial period and will be charged as expenditure in a subsequent financial period. For balance sheet statement purposes, only that portion of the education grant advance that is assumed to pertain to the scholastic year completed as at the date of the financial statement is shown under deferred charges. The full amount of the advance is maintained in the accounts receivable from staff members until such time as the staff member produces the required proof of entitlement to the education grant, at which time the budgetary account is charged and the advance recovered.

(m) Fixed assets

Furniture and other non-expendables are not included in the assets of the Foundation. Acquisitions are charged against the appropriate budget accounts in the year of purchase.

(n) Contingencies

No provision is made in the Foundation for end-of-service benefits including accrued annual leave, and for post-retirement benefits. However, provision to meet contingent liabilities for compensatory payments under appendix D to the Staff Rules of the United Nations for personnel financed under trust funds and the Foundation has been made and is calculated on the basis of 1 per cent of net base pay.

Should the Danish International Development Agency (Danida) not undertake to recompense the Foundation for the excess of cumulative expenditures over pledged income the shortfall would be taken to reduce the special account for programme support costs. This shortfall is currently estimated at $1,149,107.

(o) Miscellaneous income

Miscellaneous income consists of the following items:

(i) Refund of expenditures charged to prior financial periods;

(ii) Monies accepted in respect of which no purpose is specified;

(iii) Uncashed cheques one year from their date of issuance;

(iv) The proceeds from the sale of surplus property.

(p) Liquidation of prior period obligations

Savings from the liquidation of prior periods obligations relating to programme costs are credited directly to the fund balances. Savings relating to project costs are credited to the project.

Note 3
Accounts receivable

The accounts receivable balance comprises:

	United States dollars
Staff members	560 657
Vendors/Non-staff	175 003
Total	735 660

Note 4
Deferred charges

The deferred charges at 31 December 1999 relate to education grants.

The portion of the education grant advance which is assumed to pertain to the scholastic year completed as of the date of the financial statement is shown as deferred charges for balance sheet purposes only.

Note 5
Inter-fund balances

The following is the breakdown of the inter-fund balances at 31 December 1999:

Receivable	*United States dollars*
Due to the Foundation	4 334 130
Due to the special account for programme support costs	3 135 983
	7 470 113

Payable	
Due by the Foundation	(7 969 906)
Due by the Danida Trust Fund	(2 383 896)
	(10 353 802)

Note 6
Accounts payable

The accounts payable balance comprises:

	United States dollars
Staff members	60 683
Non-staff	628 950
	689 633

Note 7
Non-expendable property

The value of non-expendable property, at cost, at Habitat headquarters and at its overseas offices is $1,384,828 according to the cumulative inventory records of Habitat at 31 December 1999. In accordance with United Nations accounting policies, non-expendable equipment is not included in the fixed assets of the organization but is charged against the current allocations.

Note 8
Habitat II

The amount due from the Habitat II debt of $2,041,100 to the Foundation has been written off with the authority of the Secretary-General.

Note 9
Write-off of receivables and provision for uncollectable accounts

(a) In accordance with the Financial Rules and after full investigation, a write-off of uncollectable receivables amounting to $68,755 was approved by the United Nations Controller. In each case it was determined, in the light of facts known at the time, that (i) responsibility for the loss could not be fixed and attached to any United Nations official; (ii) every effort had been made to collect the amount; and (iii) further collection efforts would be fruitless. The write-offs have been included in prior period adjustments in the accounts of the Foundation, as the debts originated in prior bienniums.

(b) The Acting Executive Director has further approved the establishment of a provision for uncollectable accounts amounting to $739,073, relating to debts where recovery is unlikely. The provision has been recorded as a prior period adjustment in the accounts of the Foundation, as the debts originated in prior bienniums, as shown below:

	United States dollars
1997	120 965
1996	105 765
1995	57 417
1994	30 420
1993 and earlier	424 506
Total	739 073

(c) Non-recording of the write-offs and provisions in the earlier bienniums accounts is a result of deficiencies in the past accounting systems of Habitat and the United Nations Office at Nairobi. These deficiencies have been overcome in the current biennium as a result of extensive work done to substantiate the receivable amounts.

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